

Evaluation of World Bank Research Projects Finance and Private Sector Development

Justin Yifu Lin

1. East Asia: Road to Recovery
2. East Asia: Recovery and Beyond
3. East Asia Integrates: A Trade Policy Agenda for Shared Growth
4. Agricultural Reform - Total
5. Dynamics of Poverty in Rural China
6. Study of IPM Impact through Farmer Field Schools - Total
7. Asian Agricultural Growth Experience - Total
8. The Impact of the Financial Crisis on the Farm Sector in Thailand and Indonesia
9. Land and Credit in Vietnam
10. Overall Evaluation of World Bank Research on Finance and Private Sector Development

1. East Asia: The Road to Recovery (task manager Richard Newfarmer)

Objectives

This project was to provide a book-length analysis of the origins of the economic crisis in East Asia, the effects of the crisis on the Asian economies, and prospects for restoring the region's economic growth. The book was published in September 1998, one year after the onset of East Asia's financial crisis. Specifically, it answers the following questions:

- What caused the crisis?
- What impact did the economic crisis have on the welfare of people in crisis countries?
- What policies are needed to restore growth?

These topics are critical for policy in the developing and post-socialist countries. The East Asian financial crisis affected the livelihood of millions of people. It is important to identify the causes of the financial crisis so that better policies can be adopted to prevent such an event from reoccurring. It is also important to understand how the financial crisis translated into economic crisis and how people were affected.

Design and Implementation

As an international agency specializing in development, with many of its member countries having experienced financial crises, the World Bank is in a unique position to analyze the linkages between development and macroeconomic crisis, rather than focusing on macro factors alone. In addressing the origins of the crisis, individual chapters of the book reviewed the region's international trade patterns and competitiveness, and weaknesses in the financial and the corporate sectors.

The choice to focus on financial and corporate sector problems reflected an awareness of new thinking on the role of the government in development since the World Bank

published the influential book entitled *East Asian Miracle* in 1993. The new thinking was propelled by the questioning of East Asia's growth pattern by academics as well as the crude realities of the financial crisis. While maintaining that East Asian economic growth was real and determined by high savings rates, investment in human capital and stable macroeconomic policies, this project examined the structural and institutional inadequacies of these economies that left them vulnerable to external speculative attacks.

The project attempted to address social and environmental impacts of the economic crisis, but not much new information was provided. Thus the book is best viewed as providing a framework for analyzing these impacts.

The project adequately reflected a good understanding of the countries in question. Data used in the project were mostly aggregate statistics. There was no special survey for the project.

Results and Cost-effectiveness

The analysis was timely, thorough and wide-ranging. The key findings of the study are:

- Causes of the economic crisis were multi-dimensional. Domestic structural weaknesses in the financial and corporate sectors left the East Asian economies vulnerable to capital flight. International lenders were imprudent in lending. Macroeconomic policies fighting the crisis might have contributed to the downturn of the real economy.
- The economic crisis caused human suffering. The poverty rate went up; children and the elderly suffered.

Although the project had a special emphasis on the social costs of the crisis, it was weak in actually documenting the human suffering. Statistics presented in the relevant chapter were scanty and overly aggregate, mostly on unemployment rates. It would be desirable to show changes in social indicators such as mortality, schooling enrollment, food consumption, etc. In addition, how labor markets and households reacted to economic shocks of this type is interesting because these reactions might determine how much the economic crisis was translated into a social crisis, but this topic unfortunately received no treatment in this report. This mismatch of research interest and actual deliveries was mainly due to the lack of micro data available for analysis. The World Bank's research effort therefore should be directed toward collecting micro data of greater frequency. I have no information on the costs and the timeframe of the project.

Accessibility

The result of the project was one book. I have no knowledge on translations of the book into East Asian languages. I suspect that it was. The book was written with clarity and organization. The Bank's policy recommendations to subject countries were three strategies:

1. Enacting governance and financial reforms to stimulate sustainable growth
2. Revitalizing international capital flows by restoring investor confidence
3. Protecting low-income groups from the social impacts of the crisis and ensuring that they share in the recovery.

The first two policy recommendations were based on presented evidence; the third is largely based on speculation. Real evidence on social impact was presented in the follow-up report, *East Asia: Recovery and Beyond*.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

East Asia: The Road to Recovery	S	AA	A	BA	U
<i>Please rate the following aspects of the project outcomes (or in the case of ongoing projects, design and intermediate outputs)</i>					
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework	X				
Empirical application	Na				
Statistical and econometric methods	Na				
Use of existing knowledge and resources	X				
Data					
Awareness of other data sources	Na				
Data compilation, cleaning and cataloging	Na				
Survey design and sampling	Na				
Output Quality					
Writing quality (clarity, organization, etc.)	X				
Clarity of conclusions and recommendations	X				
Extent to which conclusions are based on analytic evidence		X			
Appropriateness of the recommendations	X				
Appropriateness of output form (working paper, book, database, etc.) for intended audiences	X				
Availability of translated outputs where appropriate	DN				
Extent to which research:					
Increases knowledge and understanding of the issues	X				
Provides a sound basis for policy	X				
Actual or likely impact of research on:					
Government policy	X				
Future analysis	X				
The development community in general	X				
Overall Quality of Research	X				

2. East Asia: Recovery and Beyond (Richard Newfarmer)

Objectives

In 2000, less than 3 years after the onslaught of the East Asian financial crisis, East Asia once again became the world's fastest growing region. As a sequel to the book *East Asia: The Road to Recovery*, this project aimed to examine the state of the East Asian economy and analyze opportunities in the future. Specifically, this project addressed the following questions:

- i. To what extent have the economies recovered?
- ii. How did the quick recovery come by?
- iii. In what areas is the recovery slow to come?
- iv. Is the recovery sustainable?

The economic recovery affected the livelihood of people in the region. In addition, the East Asian experience in recovering from a profound financial crisis has broad implications for the rest of the world. Assessing the factors behind the recovery can guide the region toward a full and sustained recovery and help the world understand the dynamics of financial crisis.

Design and Implementation

The report consisted of chapters examining pre- and post-crisis developments in the region's integration with global financial markets, trade and investment competitiveness issues, the progress made and challenges remaining in the realms of financial and corporate governance, social impact of the crisis, and public institutions and policy matters.

The selection of topics and the organization of these chapters were similar to the previous book entitled *East Asia: The Road to Recovery*, in that it focused on areas that were responsible for the outbreak of the financial crisis, refined the analysis of the causes of the crisis, and examined how changes have taken place in these areas that contributed to the recovery.

The project mostly relied on aggregate or secondhand data. No survey was conducted specifically for this project. The style of the report probably did not permit detailed description of data sources in studies mentioned in the report.

Results and Cost-effectiveness

The project advanced several key findings. To avoid going back and forth, I will list them together with my comments:

Finding 1: By the end of 1999, the crisis economies had largely recovered: foreign exchange reserves were up, exchange rates were stable, interest rates were down, equity markets were up, and output was expanding.

Comment: Aside from macro indicators, indicators that are more relevant for the well being of the people should also be examined, such as unemployment, wage rates, per capita income, consumption, etc.

Finding 2: "The recession in the five crisis countries began to turn around after mid-1998 for three reasons (p.5, 7):

1. Changes in macroeconomic policy, as exchange rates stabilized, allowed interest rates to fall and consumption to recover.
2. Assertive structural adjustments helped restore credit flows and boosted consumer and investor confidence.
3. The regional recovery, supported by strong growth in the United States and Europe, bolstered external demand.”

Comments: These three reasons overly emphasized the role of government in turning the economies around and ignored the role of market forces. With drastic currency depreciation, the current account was bound to swing from deficit to surplus, which would allow the accumulation of FE reserves. Another possible market force at play was labor market adjustments. East Asian economies have had high degrees of labor market flexibility. Such flexibility might have helped these economies to weather the storm of the economic crisis. While macroeconomic policy and government actions were undoubtedly important, their role should be evaluated against how well it interplayed with market forces.

Finding 3: The economic crisis left two legacies—heavy debt and greater insecurity among workers, and thus the recovery was vulnerable to external shocks.

Comments: The economic insecurity of households was measured by mostly 1998 indicators, which was during the recession. While data for 1999 were hard to obtain, it was premature to conclude that the poverty rate and unemployment remained high and incomes remained low. The lack of data highlighted the importance of collecting multi-purpose micro data in higher frequencies and making them available at faster speed.

I have no information on the cost or time spent on the project.

Accessibility

The project put forward a set of new development strategies needed for a sustainable recovery. They are

- a) “Managing globalization” – further trade and investment integration, and improved governance in the integration process
- b) “Revitalizing business” – continued financial and corporate sector restructuring
- c) “Forging a new social contract and revising the role of the government” – the need for improved social protection.

These policy recommendations are consistent with the findings.

I guess that the report was translated into Chinese and other languages.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

East Asia: Recovery and Beyond	S	AA	A	BA	U
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework	Na				
Empirical application	Na				
Statistical and econometric methods	Na				
Use of existing knowledge and resources		X			
Data					
Awareness of other data sources		X			
Data compilation, cleaning and cataloging	Na				
Survey design and sampling	Na				
Output Quality					
Writing quality (clarity, organization, etc.)	X				
Clarity of conclusions and recommendations		X			
Extent to which conclusions are based on analytic evidence		X			
Appropriateness of the recommendations		X			
Appropriateness of output form (working paper, book, database, etc.) for intended audiences	X				
Availability of translated outputs where appropriate	Na				
Extent to which research:					
Increases knowledge and understanding of the issues		X			
Provides a sound basis for policy		X			
Actual or likely impact of research on:					
Government policy		X			
Future analysis		X			
The development community in general		X			
Overall Quality of Research		X			

East Asia Integrates: A Trade Policy Agenda for Shared Growth

(Kathie Krumm and Homi Kharas)

Objectives

The emergence of China as a major player in international trade and investment posed significant challenges and opportunities for East Asia. The accession of China to the WTO in 2001 was set to speed up China's presence in world trade. The best response of East Asia, according to this World Bank project, was to further liberalize trade and investment. This integration was going to be more regionalistic than global, due to the fact that China is in the region and a sense of "togetherness" in the aftermath of the East Asian financial crisis.

Against this background, the project's objective was to analyze the effects of greater trade and investment integration. This was a daunting task given limitations of data and unresolved identification issues in the literature, so instead this project sought to provide an analytical framework to guide the thinking on costs and benefits.

This is important for policy in developing countries. As the world economy increasingly integrates, it is important to understand the likely impacts of greater openness on the well being of people, and the optimal approach to achieving greater openness.

Design and Implementation

Because the project's objective was to offer an analytical framework guiding analysis of the impact of greater openness, the key design issue was to choose areas in which to organize such analysis. The first set of chapters describes China's commitment under the WTO rules, and the likely effects on China and other economies in the region, using CGE models. Because trade agreements within East Asian economies were on the rise, another chapter summarized the existing thinking on the pros and cons of regionalism. One chapter summarized existing barriers in agricultural trade in the world, which seemed somewhat discordant with the overall theme of the book. For the region to benefit fully from trade liberalization, reducing transport and logistics costs is important; this was covered in one chapter. Intellectual property rights were a contentious trade issue in the region; one chapter discussed how IPR protection could spur innovative activities, using Korea as an example. Environmental protection and labor standards regulations were two other social issues; one chapter tried to analyze their correlations with export performance. A final set of chapters analyzed the effects of integration on household welfare, the poor in exporting sectors, and social stability.

Because of the broad coverage of the book, each individual chapter had behind it a distinct literature. It is difficult for me to judge whether existing knowledge in each specific field was represented. Also, multiple data sources were used, some from household surveys, which tended to be more reliable, and some cross-country variables, such as an index of labor protection, which were based on paper legislations and tended to be noisier. The level of rigor differed a great deal by chapter. In some chapters, such as chapter 10, data limitations were carefully noted, but in other chapters, no attention was paid at all. Methodologically, some chapters paid little attention to the direction of causality while some were more careful.

As the editors noted, conclusions ultimately depended on the context of each country involved. Because each chapter used data from one or a limited set of countries, and many studies were not yet methodologically defensible, drawing conclusions for the whole

region was premature. Although, as customary in all World Bank research, the book was pressed to draw conclusions, they should be best viewed as tentative.

However, given the importance of the analysis conducted in this book, it would have been unfortunate if the task managers, knowing the technical difficulties involved, had not tried to organize such a project. Such analysis, although incomplete or inadequate, nevertheless contributed to the accumulation of knowledge, and was useful for policy analysts in these countries and the development community in the world.

Results and Cost-effectiveness

Key findings of the study were as follows. On the likely effects of China's WTO accession on China and other economies in the region, results from CGE models revealed that China would import more from East Asia, export more, and be more competitive in third markets. Significant sectoral adjustments in East Asia were needed to reap the benefits of trade integration and minimize costs.

On the pros and cons of regionalism vs. globalism, countries in the region could benefit from increased regionalism that was focused on removing trade barriers.

In East Asia, the key logistical bottlenecks were high internal transport costs and port logistics. Korea's success in patenting was associated with stronger IPR enforcement, but the direction of causality was not identified. On the effect of environmental regulations and adoption of labor standards, the econometric models were problematic.

The most interesting set of results came from three household analyses. In China, the WTO accession would benefit urban households more than rural households and the better-off rural households more than poor farm households. The distribution of the welfare gain would depend on the degree of labor mobility. The study would have been significantly improved if assumptions on labor mobility were explicitly stated and sensitivity to the assumptions checked.

For rice farmers in Cambodia and Vietnam, and for cashmere farmers in Mongolia, a value-chain analysis revealed that there was room for raising farmers' income by greater competition in processing and trade. Value-chain analysis seems to be a very useful analytical tool for trade policy analysis but has unfortunately not been used widely.

In Indonesia, Korea and Thailand, trade did not increase labor market vulnerability.

The analyses strived to find empirical evidence to support the policy statements and suggestions. In many cases, empirical analysis was based on case study of one or a small number of countries. In most cases, results are not conclusive. Nevertheless, they provided a useful analytical framework to analyze the questions.

Although the report included three excellent studies based on household surveys, more is needed to assess the impact of trade and investment integration on the well-being of people, such as on access to health care and education.

Accessibility

The intended audience was governments and research communities in East Asia. The way the research was presented was appropriate.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

East Asia Integrates	S	AA	A	BA	U
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework		X			
Empirical application			X		
Statistical and econometric methods			X		
Use of existing knowledge and resources		X			
Data					
Awareness of other data sources		X			
Data compilation, cleaning and cataloging		X			
Survey design and sampling	dn				
Output Quality					
Writing quality (clarity, organization, etc.)		X			
Clarity of conclusions and recommendations		X			
Extent to which conclusions are based on analytic evidence			X		
Appropriateness of the recommendations			X		
Appropriateness of output form (working paper, book, database, etc.) for intended audiences		X			
Availability of translated outputs where appropriate	dn				
Extent to which research:					
Increases knowledge and understanding of the issues			X		
Provides a sound basis for policy			X		
Actual or likely impact of research on:					
Government policy		X			
Future analysis		X			
The development community in general			X		
Overall Quality of Research			X		

4. Agricultural Reform – (Paul Glewwe)

Objectives

The main purpose of this project was to conduct a household survey in Hebei and Liaoning provinces, both in Northeast China, in 1995, plus some follow-up data collection in 1996 and 1997. The sampling choice was to follow up a survey by Japanese researchers in 1930. The data sets were then used by the researchers to study a variety of issues that interested them. Therefore, papers generated from this project had no uniform theme. They fell into three categories: land tenure security, well-being of the elderly and inequality. Questions were:

- How to evaluate the policy of land tenure insecurity as observed in China?
- What are causes of rising rural inequality?
- Can the rural elderly rely on family for old-age support?

Design, Implementation and Results

The project produced 4 papers. Because they dealt with very different issues, I will comment on each paper in turn.

1. Jacoby, Hanan, Guo Li and Scott Rozelle. 2002. "Hazards of Expropriation: Tenure Insecurity and Investment in Rural China." *American Economic Review* 92(5):1420-47.

Design and implementation: This paper examined the link between fertilizer application and the risk of land expropriation. Because chemical fertilizer has a short-term effect on land productivity, but organic fertilizer has a long-term effect, land tenure insecurity was expected to affect the latter, not the former. After finding a statistically significant impact on organic fertilizer, the paper examined the total effect of land tenure security on agriculture by estimating the effect of organic fertilizer on output.

Results: This paper found that the risk of land expropriation significantly reduced the application of organic fertilizer. They also concluded that guaranteeing land tenure in this part of China would yield only minimal efficiency gains based on the following:

- a. The contribution of organic fertilizer to farm output was small.
- b. The likely effect on other long-term investments was small because these investments were undertaken by collectives.

Comment: On the calculation of social gains from greater land security, the paper ignored other harmful effects of insecure land tenure:

- a. Foregoing the potential of using land titles as collateral for loans.
- b. The potential effect of land tenure insecurity on labor migration, especially the out-migration of farm families.
- c. The destabilizing effect of land reallocations on social cohesion.

2. Benjamin, Dwayne, Loren Brandt and Scott Rozelle. 2000. "Aging, Wellbeing and Social Security in Rural Northern China" *Population and Development Review* 26(1): 89-116.

This paper compared the well-being of rural elderly (61+) in 1995 and in 1935. Hypothesis was that due to land collectivization, people could not accumulate land assets and thus had less bargaining power in old age. The paper found:

- a. A much higher percentage of elderly lived alone (with a spouse): 30% in 1995 vs. 0 in 1935.
- b. There was no evidence that work participation of elderly men or women changed.
- c. In living arrangements, the elderly were significantly better off in relation to the non-elderly in the 1930s than in the 1990s.

The implication was that the family as a social security institution had been weakened after land was collectivized. An alternative social security scheme was needed.

This paper was well-executed. It reflected awareness of existing literature and good understanding of the country.

3. "Markets, Human Capital, and Inequality: Evidence from China," by Dwayne Benjamin, Loren Brandt, Paul Glewwe and Guo Li, in *Inequality Around the World*, edited by Richard Freeman, Palgrave/MacMillan, 2002.

This paper conducted decomposition analysis of rural inequality, and analyzed determinants of income and savings. It confirmed that

- a. Non-agricultural income was the driving force in rising rural inequality
- b. The educated were most able to take advantage of economic transition.

New findings included:

(1) Most of the inequality was within villages, not between locations.

Comment: It was possible that the result was sample driven – villages in the two provinces could be alike.

(2) The role of human capital was paramount in determining the evolution of inequality, especially in the way it interacted with unevenly developed local market opportunities that characterized economic transition.

Comments: Model specifications were problematic. In household earnings equations where returns to education were estimated, there were too few control variables. For example, household labor endowment and age structure of workers were not controlled for. These could affect the estimates of the role of education. In estimating models of individual non-crop activity choices and in the equation for all non-crop earnings, in addition to the above problems, there was no correction for selection. This could further bias the estimations.

(3) The savings rate was higher for high-income households and for households with more education. The implication was that inequality was set to grow in the future.

Comments: Measurement error of consumption was likely a major issue. There was no

explanation on how consumption was measured or how durable goods were handled.

Overall assessment of the paper: The paper did not add a lot of knowledge to our understanding of rural inequality. The results cannot be generalized for the country and are incomparable with other studies. Several important data, measurement and econometric issues in the study were ignored, which undermined the reliability of the conclusions.

4. Benjamin, Dwayne, and Loren Brandt. 2002. "Property Rights, Labour Markets and Efficiency in a Transition Economy: The Case of Rural China" *Canadian Journal of Economics*. 35(4): 689-716.

The objective of the paper was to test whether administrative land allocations in Chinese villages were an efficient arrangement given the absence of labor and land markets.

The development literature measures inefficiency by the degree of variation in land productivity by land size. This paper looked but did not find such a relationship, but found that larger farmers used less labor intensive technology, and labor productivity was higher in larger farms. This was interpreted as inefficiency due to the fact that small farmers were land-constrained and responded by using excessive labor. The paper found that in villages that reallocated land more frequently, this inefficiency became smaller. The implications were

- a. Administrative land reallocation improved efficiency.
- b. Land rental market and more off-farm employment were needed to eliminate inefficiency.

Comments: What is the best way to reduce inefficiency in agriculture, reallocating land or promoting land and labor markets? The way the question was posed in this paper seemed to imply that if land reallocation eliminated the inefficiency, we should allow this practice to continue. Why not examine the development of land and labor markets and see how much inefficiency could be eliminated by promoting these markets?

Overall Comments on the Project

The data were well suited to answer some questions, such as land tenure security and the support of the rural elderly, but were ill suited to answer the questions regarding rural income inequality.

Two papers (1 and 4) in the project dealt with land policy in rural China. One investigated the effect of land allocation on efficiency; another looked at its effect on investment. Paper #1 concluded: "...Periodic land reallocations do not appear to entail a substantial social cost." Paper # 4 concluded: "Our findings suggest that since it is small farmers who are constrained, land allocation from big to small farms, regardless of the method, will improve both efficiency and overall equity in these villages."

The above conclusions are not consistent with conventional wisdom about the likely impacts of tenure security and administrative reallocation: To begin with, the practice of periodically reallocating land was not based on efficiency considerations; it was based on equity concerns. A lot of political economy was involved in rural land policy. For example, land redistribution is viewed by many as a disrespect of farmers' property rights, a tool that local cadres used to gain power over farmers. Evidence supporting this view is that farmers welcomed the recent decision by the central government to stabilize land rights for 30

years. By focusing excessively on narrowly defined economic efficiency and neglecting other harms it caused, this project might miss many more dimensions of economic efficiency.

I suggest that the World Bank have a more thorough evaluation of the social impacts of land reallocations in China.

Accessibility

The data collection effort for this project was well coordinated. The publication of the data was quite late but late is better than never. More efforts should be directed at informing the research community of the availability of this data set.

Research Quality Indicator Form

Agricultural Reform	S	AA	A	BA	U
)					
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives		X			
Analysis					
Theoretical/conceptual framework		X			
Empirical application		X			
Statistical and econometric methods		X			
Use of existing knowledge and resources		X			
Data					
Awareness of other data sources		X			
Data compilation, cleaning and cataloging	na				
Survey design and sampling		X			
Output Quality					
Writing quality (clarity, organization, etc.)		X			
Clarity of conclusions and recommendations		X			
Extent to which conclusions are based on analytic evidence		X			
Appropriateness of the recommendations			X		
Appropriateness of output form (working paper, book, database, etc.) for intended audiences			X		
Availability of translated outputs where appropriate	dn				
Extent to which research:					
Increases knowledge and understanding of the issues		X			
Provides a sound basis for policy			X		
Actual or likely impact of research on:					
Government policy			X		
Future analysis		X			
The development community in general			X		
Overall Quality of Research		X			

5. Dynamics of Poverty in China (task manager Martin Ravallion)

Objectives

The objectives of this project were to understand the nature of poverty in China, how people reacted to income risks and whether their reactions aggravated poverty. Specifically, the three core papers addressed the following questions:

- How much of the observed poverty is transient?
- Has income risk led to consumption instability?
- Does the prevalence of income risk cause poverty?

These topics are critical for policy in the developing or post-socialist country because

- Making a distinction between transient poverty and chronic poverty is important because these two types of poverty require different policy strategies. If transient poverty is pervasive, then policy focus should be providing insurance and income-stabilization schemes.
- If the poorest areas are least insured against income risk, then they are in greater need of policy interventions that provide insurance.
- It is important to understand whether risks and poverty reinforce each other. If greater risk causes poverty, then one way to reduce poverty is to help stabilize income.

Design and Implementation

An important element of the project was to construct a panel data set out of existing repeated cross-section data of rural household surveys. The work was done on 4 provinces, Guangdong, Guangxi, Yunnan and Guizhou. With panel data constructed, the project made adjustments to raw data to derive a better measurement of poverty and inequality. It then decomposed poverty into chronic and transient poverty before answering each of the questions listed above.

The methodology was appropriate and well-executed. The researchers were aware of existing knowledge from other research available at the time and had a good understanding of the country in question.

The data come from China's National Bureau of Statistics annual survey of rural households. The data quality was good. One important contribution of the project was to make adjustments to income and consumption measures that gave rise to better measurement of poverty. The construction of the panel from repeated cross-sections was reasonably good. However, the panel-construction strategy can be tested using data from recent years when the household identifier is provided in the survey.

Results and Cost-effectiveness

The key findings of the study were:

- a. Much (half) of the observed poverty in rural China was transient (Jalan and Ravallion JCE 1998), indicating that income risk was pervasive.
- b. Consumption smoothing was less than perfect, and consumption smoothing was

more lacking among poor households (Jalan and Ravallion JDE 1999), suggesting that poverty measured in consumption was also largely transient. In other words, the poor were more vulnerable to income risk.

- c. Rural households did not hold liquid assets as a protection against income risks, and there was no evidence that income risk discouraged schooling, but it appeared to inhibit the temporary migration of labor. (Jalan and Ravallion JDE 2001)

These findings were consistent with a phenomenon that many in the Chinese government have already observed, i.e., many poor previously lifted out of poverty fell back.

The Chinese government, in the past, has concentrated its poverty-reduction efforts on fighting chronic poverty by making investments in physical and human capital. However, these findings suggested that more attention should be given to fighting transient poverty. How exactly this should be done requires further research on what works best as insurance for income risk.

Accessibility

The intended audiences were the development community and the Chinese government. Papers from the project are in the form of academic papers. They are suitable for development economists but probably too technical for government decision makers to read.

Research Quality Indicator Form

Dynamics of poverty in China	S	AA	A	BA	U
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework	X				
Empirical application	X				
Statistical and econometric methods	X				
Use of existing knowledge and resources	X				
Data					
Awareness of other data sources	X				
Data compilation, cleaning and cataloging	X				
Survey design and sampling		X			
Output Quality					
Writing quality (clarity, organization, etc.)	X				
Clarity of conclusions and recommendations	X				
Extent to which conclusions are based on analytic evidence	X				
Appropriateness of the recommendations	X				
Appropriateness of output form (working paper, book, database, etc.) for intended audiences		X			
Availability of translated outputs where appropriate	dn				
Extent to which research:					
Increases knowledge and understanding of the issues	X				
Provides a sound basis for policy	X				

Actual or likely impact of research on:					
Government policy	X				
Future analysis	X				
The development community in general	X				
Overall Quality of Research	X				

6. Study of IPM Impact through Farmer Field Schools (task manager Gershon Feder)

Objectives

Farmer Field Schools (FFS) were an intensive training approach introduced in many developing countries in the 1990s to promote integrated pest management (IPM), which was supposed to reduce pesticide use. This project evaluated the program. Specifically, the projects sought to answer the following questions:

- Did FFS achieve its immediate goal of improving knowledge of trained farmers on pest management? Was the knowledge diffused by informal channels?
- Did FFS have a significant effect on pesticide use?
- Did FFS have a significant effect on productivity?
- Was FFS financially sustainable?

The topics and objectives are critical for policy in developing countries. Excess use of pesticides due to lack of knowledge may have severe environmental and health consequences. If reducing pesticide use can lead to more farm profit, then farmers are also better off financially.

Design and Implementation

The project produced 5 journal articles. They used different data sets and applied different methodologies. I will describe and comment on each in turn.

1. Gershon Feder, Rinku Murgai, Jaime B. Quizon (2003), “Sending Framers Back to School: The Impact of Farmer Field Schools in Indonesia,” *Review of Agricultural Economics* Vol. 26 No. 1 pg 45-62.

This paper evaluated the impact of FFS on yield and pesticide use. Using a panel of data covering 1991-1999 in Indonesia, the paper used a modified DID method. The conclusion was that the program did not have a significant impact on the performance of graduates and their neighbors.

2. Gershon Feder, Rinku Murgai, Jaime B. Quizon (2004), “The Acquisition and Diffusion of Knowledge: The Case of Pest Management Training in Farmer Field Schools, Indonesia,” *Journal of Agricultural Economics* 55(2): 221-43.

This paper used the same data and methodology as in paper #1. Instead of focusing directly on the impact of FFS on yield and pesticide use, this paper decomposed the process

into two: (1) the effect on knowledge, and (2) the effect of knowledge on pesticide use. It found that knowledge did induce a reduction in pesticide use. Graduates had significantly more knowledge over non-graduates, but farmer students of graduates did not have a different knowledge level than non-FFS farmers, implying that knowledge diffusion was limited.

Results from papers #2 and #1 are contradictory. If FFS had a significant effect on knowledge level and knowledge level had significant effect on pesticide use (paper #2), then FFS should have a reduced-form effect on pesticide use, but paper #1 did not find it.

3. Erin Gotland, Rinku Murgai, Oscar Ortiz, “The Impact of Farmer Field Schools on Knowledge & Productivity: A Study of Potato Farmers in the Peruvian Andes” EDCC, 2004.

Using data from a small-scale pilot FFS program targeted to Peruvian potato farmers, this paper found that FFS participation significantly enhanced knowledge of pests, fungicides, and resistant varieties. The results were robust under two econometric methods – one based on regression and the other based on p-score matching. Overall, the FFS program added 14 percentage points to the knowledge test score. Caveat noted in the paper: the survey time was shortly after the training so memory was fresh. Instead of looking at the reduced-form effect of FFS on productivity, the paper simulated the effect on productivity using results from a sample of farmers that do not participate in FFS. Assuming the knowledge endured over time, a 14 percentage point increase in knowledge would translate into a 32% increase in productivity.

4. Quizon, Feder, Murgai, “Fiscal Sustainability of Agricultural Extension: The Case of the Farmer Field School Approach,” *Journal of International Agriculture and Extension Education* Vol. 8. No. 1, Spring 2001.

This paper provided an overview of the fiscal sustainability issue of farmer field schools in the Philippines and Indonesia. Due to high costs, farmer-led schools have been viewed as a solution to fiscal sustainability. However, the survey from Indonesia showed that the extent of the takeover of training by farmers was minor, and even these schools continued to rely heavily on official financing. Consequently, the sustainability issue was unsettled.

Comment: The paper did not provide an explanation on why local communities were unwilling to pay for such training. Without demand, the program was deemed to be unsustainable.

5. Quizon, Rolas, Jamias, “Do Farmer Field School Graduates Retain & Share What They Learn?” *Journal of International Agriculture and Extension Education* Vol. 9. No. 1, Spring 2002.

This paper used a sample of farm households in the Philippines to examine whether FFS graduates retained and shared what they learned. It relied on a cross-section comparison of knowledge between graduates, those they shared the knowledge with, and non-FFS farmers. They did not find that the knowledge level of students of FFS graduates was different from those who did not benefit directly or indirectly from FFS.

Comment: The paper used problematic methodology. Selectivity of farmers was ignored in the paper. Therefore the conclusion was not convincing.

Overall comments: Authors of the 5 papers significantly overlapped, but the methodologies were quite different. Papers that were produced earlier (2001 and 2002) were much weaker methodologically than later ones (2003 and 2004), perhaps reflecting the learning process of the research team. It is troubling to see positive and significant effects of FFS on knowledge scores, and positive and significant effects of knowledge on pesticide use and productivity, but no reduced-form effect of FFS on pesticide use or productivity. The most recent paper (#4) avoided the reduced-form regression by simulating the effect of FFS on productivity. They obtained a large effect, but one wonders what would happen if they did run the reduced-form regression.

The project did not attempt to compare the costs and benefits of this program, which would be most useful for policy, perhaps due to the lack of robustness of the results.

Results and Cost-effectiveness

The key findings of the study were:

- The program was financially unsustainable. It required continued external financial support.
- The program had a positive impact on knowledge scores of graduates, and the knowledge seemed to affect pesticide use and productivity.
- There was no diffusion of knowledge in Indonesia.
- The program had no effect on pesticide use in Indonesia.

I have no information on the costs and timeframe of this project.

Accessibility

The intended audience was the development community. The publications were accessible by researchers and donors. I have no information on whether they were translated into other languages.

The project suggested reviewing and revising the training procedures and curriculum to raise the value of the program to farmers. While this is an appropriate recommendation if the program is to continue, the cost effectiveness of the program should be evaluated first.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

Study of IPM impact through farmer field schools - Total	S	AA	A	BA	U
Topics					
Importance of the issues addressed		X			
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework		X			
Empirical application		X			
Statistical and econometric methods			X		
Use of existing knowledge and resources	Dn				
Data					
Awareness of other data sources		X			
Data compilation, cleaning and cataloging	Dn				
Survey design and sampling		X			
Output Quality					
Writing quality (clarity, organization, etc.)		X			
Clarity of conclusions and recommendations		X			
Extent to which conclusions are based on analytic evidence			X		
Appropriateness of the recommendations		X			
Appropriateness of output form (working paper, book, database, etc.) for intended audiences		X			
Availability of translated outputs where appropriate ?					
Extent to which research:					
Increases knowledge and understanding of the issues		X			
Provides a sound basis for policy			X		
Actual or likely impact of research on:					
Government policy			X		
Future analysis			X		
The development community in general		X			
Overall Quality of Research		X			

7. Asian Agricultural Growth Experience (task manager Donald Larson)

Objectives

This project examined reasons why Asian economic growth experiences differed among countries. The research centered on a comparison of agricultural growth outcomes among Indonesia, the Philippines and Thailand across three decades from the 1960s to the outbreak of the Asian economic crisis. Despite geographical proximity, similar climate and other shared characteristics, the three countries experienced differing growth paths. Specifically, the study sought to answer the following three questions:

1. Why are Asian growth experiences vastly different?
2. What is the role of agriculture in overall economic development?
3. Why are policies different among study countries?

The topics are critical for policy in developing countries because studying factors affecting the Asian agricultural growth experience can generate knowledge applicable to the entire developing world.

Design and Implementation

This project was composed of three papers and one edited volume. Aside from one paper on Russia that seemed irrelevant for this project, the other two papers were also included in the edited volume.

1. Akiyama, Takamas, and Donald Larson, *Rural Development and Agricultural Growth*. Book: Canberra: Asia Pacific Press, 2004.

This edited volume collectively addressed one central question: Why were Asian growth experiences vastly different? The focus was on the role of agriculture and rural development in three East Asian countries: Thailand, Indonesia and the Philippines from the 1960s to the Asian economics crisis. Papers in the volume approached the question from important angles such as resource and institutional history, political economy, variations in development strategy, policies on international trade of farm products, rural investment, agricultural extension, and labor transfers. They found that overall economic growth was closely affected by agricultural growth and differences in agricultural growth were significantly affected by policy variations.

2. Mundlak, Larson and Butzer, "Agricultural Dynamics in Thailand, Indonesia, and the Philippines," *Australian Journal of Agricultural and Resource Economics*, 2004.

Using time-series data in three countries, this paper quantified differences in productivity growth in the three countries and examined their determinants. They found that the new technology from the Green Revolution changed the returns to fertilizers, irrigated land and capital, all of which proved scarce to varying degrees. Complementing technology-related changes in factor use were investments, public and private, driven in part by policy. They found that factor accumulation played an important role in output growth and that accumulations from policy driven investments in human capital and public infrastructure were important sources of productivity gains. They concluded that policies

that eased constraints on factor markets and promoted public investment in people and infrastructure provided the best opportunities for agricultural growth.

3. Hayami (2001). *Ecology, History and Development: A Perspective from Rural Southeast Asia*. *World Bank Research Observer*, 16(2): 169-98.

Hayami argued that government policies explained differential performance in agriculture in Thailand, the Philippines and Indonesia. He first described ecological and historical reasons behind the difference in agrarian structure in the three countries at the onset of the phenomenal growth in East Asian economies in the 1960s. Philippines agriculture was characterized by plantations, whereas in Thailand and Indonesia a peasant system prevailed. Plantations, by granting secure property rights, had an advantage in developing virgin land. As land became scarce, the disadvantage of the plantation system in labor monitoring outweighed the benefits. Land reform in the Philippines in the 1970s would have corrected for this inefficiency, but the new land system introduced new distortions by penalizing land rental activities. A few other factors explained the differential performance, which included heavier taxation of agriculture in the Philippines and extensive government investment in rural infrastructure and extension in Thailand.

Overall comments: output from the project used both quantitative and qualitative analysis; both were appropriate. Each individual paper and chapter reflected awareness of existing knowledge from other research available at the time and a good understanding of the countries in question. The research largely relied on secondhand aggregate statistics over time. The compilation of data was appropriate. The conclusions were consistent with the research findings.

Results and Cost-effectiveness

The study showed that historical and ecological contexts were important, but far from determining to explain varying growing experience in East Asia. The most important reason was the vastly different approaches to rural economies pursued by the three countries, which had powerful and long-run consequences for economic development. Policies that were supportive of agricultural and rural development, such as investment in rural infrastructure and human capital, provided the best opportunities for agricultural growth and poverty reduction. To the contrary, policies that tax agriculture, directly or indirectly, led to sluggish growth in agriculture, slower poverty reduction, and slower economic growth.

These were important findings that have significant policy significance.

Accessibility

The intended audience was the entire development community. The presentation manner was appropriate. Policy recommendations naturally followed from the findings.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

Asian agricultural growth experience	S	AA	A	BA	U
<i>Please rate the following aspects of the project outcomes (or in the case of ongoing projects, design and intermediate outputs)</i>					
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework	X				
Empirical application	X				
Statistical and econometric methods	X				
Use of existing knowledge and resources	X				
Data					
Awareness of other data sources	na				
Data compilation, cleaning and cataloging	na				
Survey design and sampling	Na				
Output Quality					
Writing quality (clarity, organization, etc.)	X				
Clarity of conclusions and recommendations	X				
Extent to which conclusions are based on analytic evidence	X				
Appropriateness of the recommendations	X				
Appropriateness of output form (working paper, book, database, etc.) for intended audiences	X				
Availability of translated outputs where appropriate	dn				
Extent to which research:					
Increases knowledge and understanding of the issues	X				
Provides a sound basis for policy	X				
Actual or likely impact of research on:					
Government policy	X				
Future analysis	X				
The development community in general	X				
Overall Quality of Research	X				

8. The Impact of the Financial Crisis on the Farm Sector in Thailand and Indonesia (task manager Gershon Feder)

Objectives

This project examined the impact of the 1997 Asian financial crisis on farm household behavior and well being in rural Indonesia and Thailand. Specific questions the study sought to answer were:

- Did the financial crisis in urban areas have substantial negative effects on rural households?
- Were farm and nonfarm sectors affected differently in rural areas?

The topics and objectives are critical for policy in developing countries because it is important to understand how the poor are affected by such external shocks. Other researchers have examined the effect on poverty and employment, but did not make a distinction between farm and nonfarm households. This research filled this gap.

Design and Implementation

Two large household data sets were collected in 1999 in Thailand and Indonesia respectively, each following up an earlier household survey administered just before the crisis in each country. These panel data were analyzed to examine, among other things, the response of household expenditures, farm income, productivity, input use, and credit to the crisis. Of the three outputs, the main output was a paper published in the *World Bank Research Observer* and the other two were country reports providing more detailed information and country background.

The methodology of the study was innovative. In particular, households were grouped by quintiles using fertility-adjusted landholding instead of income or expenditure. Landholding as a measure of welfare is superior to expenditure or income because both expenditure and income have large transitory components and large measurement error.

The project reflected awareness of existing knowledge from other research available at the time and adequately reflected a good understanding of the countries in question. The surveys were properly designed and executed. Data limitations were considered in the analysis. The conclusions were consistent with the research findings.

Results and Cost-effectiveness

The study found that the economic crisis had varying effects on rural households. The crisis improved the profitability of export crop production, but depressed the urban labor market; part of its effect was transmitted into rural areas. Larger (and better off) farmers, who tended to specialize in export crops, benefited from the currency devaluation. Small farmers and landless households, who relied on the labor market much more and were poorer, bore the brunt of the crisis, and the damaging effects were larger in Thailand than in Indonesia because the urban-rural links were stronger in the former.

The results implied that although the macroeconomic condition during the crisis was favorable to agriculture, a policy that had allowed a full transmission of increases in international price would not have benefited the rural poor. In addition, small farmers could

not absorb low-skilled labor that was dislocated by urban unemployment. A more effective policy for alleviating crisis-induced poverty would be temporary social programs targeted to the rural poor, perhaps using landholding as a targeting criterion.

Accessibility

The intended audience was the entire development community. The project reports and publications were presented in a manner appropriate for and accessible to development economists but I do not know whether the papers were translated. The policy recommendations were commensurate with the findings.

Research Quality Indicator Form

The Impact of the Financial Crisis on the Farm Sector in Thailand and Indonesia	S	AA	A	BA	U
Topics					
Importance of the issues addressed	X				
Clarity of the project focus and stated objectives	X				
Analysis					
Theoretical/conceptual framework	X				
Empirical application	X				
Statistical and econometric methods	X				
Use of existing knowledge and resources	X				
Data					
Awareness of other data sources	X				
Data compilation, cleaning and cataloging	X				
Survey design and sampling	X				
Output Quality					
Writing quality (clarity, organization, etc.)	X				
Clarity of conclusions and recommendations	X				
Extent to which conclusions are based on analytic evidence	X				
Appropriateness of the recommendations	X				
Appropriateness of output form (working paper, book, database, etc.) for intended audiences	X				
Availability of translated outputs where appropriate	dn				
Extent to which research:					
Increases knowledge and understanding of the issues	X				
Provides a sound basis for policy	X				
Actual or likely impact of research on:					
Government policy	X				
Future analysis	X				
The development community in general	X				
Overall Quality of Research	X				

9. Land and Credit in Vietnam (task manager Do Quy-Toan)

Objectives

After granting farmers legal titles to their land in the late 1990s, the government of Vietnam soon began a campaign to reallocate the land on the grounds that the previous land distribution resulted in land fragmentation. This World Bank project intended to provide technical support to the Vietnamese government's effort to administratively consolidate land. The questions it aimed at answering were:

- (1) How has land consolidation been carried out?
- (2) What are the outcomes and impacts of land consolidation?

I think that this project was misdirected. Experience in Chinese agricultural reform revealed that governments at all levels, especially at local levels, do not easily give up their control over farmers' land. There had been repeated attempts by local governments to regain control in the name of various things, such as land consolidation, providing social services, etc. There is reason to suspect perhaps the same is going on in Vietnam. The report mentioned that local revenue from public land increased remarkably in areas where land consolidation took place. This was perhaps the true motive.

The first task of the World Bank, before committing itself to help the government with this task, is to investigate whether administrative land consolidation is justifiable.

Design and Implementation

The methodology involved qualitative assessment of government laws and capacities at various levels, and quantitative evaluation of land fragmentation and its associations with investment, crop choice, labor allocation and productivity.

The first regression was an analysis of determinants of land fragmentation. The purpose was to see whether land fragmentation is abnormal in northern Vietnam as demonstrated by the northern dummy being consistently positive and significant. However, as noted in the report, the north is overwhelming rice agriculture. Rice cultivation is naturally of smaller in scale and more labor intensive. In such areas, it may be rational to have many plots distributed in various locations to diversify risk. Comparison should not be between the north and south, but between northern Vietnam with other Southeast Asian countries with similar cropping patterns and geographical conditions.

The study went on to find out whether land fragmentation caused harm to agriculture. It found (Tables 5-7) essentially no correlation of land fragmentation with investment and off-farm labor supply, and a positive correlation with rice productivity. From these results, it is hard to justify the conclusion that land fragmentation is abnormally high and consolidation should take place.

The study then looked at whether administrative land consolidation produced any positive results. It found that in areas where consolidation did take place, farmers tended to shift from rice to cash crops and from farm to nonfarm activities. This might be an artifact of administrative favor-granting because the rest of the farm population did not have free choice of crops or access to the nonfarm labor market.

If there is evidence that land fragmentation is indeed abnormally high and causes harm in agriculture, then the next question should be: Through what mechanisms should land

consolidation take place, market or administrative?

If there were gains from land consolidation, then farmers should have incentive to consolidate their land parcels. The question is then: Are the transaction costs too high? If yes, how to lower them? Here, experience in Vietnam and around the world should be carefully examined to see what factors inhibited land transactions. It would be more interesting and informative to look at determinants of natural land consolidation since the initial land assignment and see what factors are important. Without such an analysis, it was premature to conclude that land consolidation has to go through the government.

If administrative land reallocation is the best alternative, then its benefits should be compared with the costs before concluding that it should be done.

Without these analyses, it is troubling to see that the World Bank has planned a follow-up program (phase II) to conduct an experiment of randomized assignment in land consolidation.

There was no review of the literature on land fragmentation and how consolidation took place in other countries. I am not sure if such a literature exists. Given that the development process goes hand in hand with out-migration of farmers and the expanding scale of farming, to what extent and how land consolidation took place is an interesting issue. The relevant economies to study for Vietnam would be Japan, Taiwan, and perhaps Thailand. I would be surprised if nobody has examined this issue. If not, then the World Bank should perhaps do it.

The data came from the national statistical agency's household survey. The report contained no information on the reliability.

Results and Cost-effectiveness

I have already described the results of the project in the preceding section. The land consolidation was a top-down, government directed campaign with little voluntary participation by farmers. Persuasion and coercion were used. Due to resistance from farmers, the progress had been very slow.

Therefore, policy recommendations put forth in the report were:

- (1) Complementary policies were needed to ensure the success of land consolidation – farmers should have greater freedom in choosing the crops and should have greater access to nonfarm activities.
- (2) The government should provide better guidance; implementation of the program should be improved.
- (3) Farmers should be educated about the benefits of land consolidation.

My comments: Farmers should be given freedom in choosing their crops and should have free access to nonfarm activities no matter what. In addition, whether farmers have freedom in land transfer should be examined as a possible factor inhibiting natural land consolidation.

Accessibility

Given the problems in this project, I would not recommend dissemination.

Research Quality Indicator Form

S	Superior
AA	Above Average
A	Average
BA	Below Average
U	Unacceptable

Land and credit in Vietnam	S	AA	A	BA	U
<i>Please rate the following aspects of the project outcomes (or in the case of ongoing projects, design and intermediate outputs)</i>					
Topics					
Importance of the issues addressed			X		
Clarity of the project focus and stated objectives			X		
Analysis					
Theoretical/conceptual framework			X		
Empirical application			X		
Statistical and econometric methods			X		
Use of existing knowledge and resources				X	
Data					
Awareness of other data sources	Dn				
Data compilation, cleaning and cataloging	Dn				
Survey design and sampling	Dn				
Output Quality					
Writing quality (clarity, organization, etc.)			X		
Clarity of conclusions and recommendations				X	
Extent to which conclusions are based on analytic evidence			X		
Appropriateness of the recommendations				X	
Appropriateness of output form (working paper, book, database, etc.) for intended audiences		X			
Availability of translated outputs where appropriate	Dn				
Extent to which research:					
Increases knowledge and understanding of the issues				X	
Provides a sound basis for policy				X	
Actual or likely impact of research on:					
Government policy			X		
Future analysis			X		
The development community in general				X	
Overall Quality of Research				X	

Overall Evaluation of World Bank Research on Finance and Private Sector Development

My evaluation will be confined to the nine studies that I have been asked to evaluate. These projects belong to four broad areas:

1. Causes and impacts of East Asian financial crisis
2. Challenges and opportunities of greater trade and investment integration
3. Agricultural sector issues:
 - a. How to explain the agricultural growth experience in East Asia
 - b. The effect of a government training program on agricultural practice
 - c. The relationship between land arrangements and agricultural growth
4. Dynamics of poverty.

Choice of Policy Issues

These four areas are undoubtedly among the most important policy issues for East Asia in the most recent decades. One of the most important economic events in the region was the outbreak of financial crisis in 1997. Amid great optimism following more than two decades of rapid economic growth that had been termed “the East Asian Miracle,” a storm of financial crisis sudden befell the region. Did this symbolize the end of growth in the region, or would it usher in a healthier model for development? A series of World Bank studies, especially the three flagship reports, revealed the answers.

The most important conclusion that emerged from these studies is that the East Asian financial crisis happened for a reason. The economies of East Asia grew at such a neck-breaking speed that financial regulations and corporate governance were neglected. The financial crisis was a wake-up call for East Asia, which forced it to undertake a long overdue repair job in the financial and corporate sectors. After these are done, East Asia will regain its strength. An important strategy for future development is to further liberate trade and investment to take advantage of opportunities afforded by China’s entrance into the world market.

As was powerfully demonstrated by the Asian Agricultural Growth Experience project, agricultural growth was a precondition for overall economic growth. East Asia still has a large agricultural sector, thus it is appropriate to pay special attention to the sector. The agricultural projects that I evaluated answered important questions: What policies are beneficial for agricultural growth? Are existing land arrangements good or bad for agriculture and how should they be changed? Can farmers’ human capital be enhanced through training?

Although East Asia has more than halved the poverty rate in the past 20 years, poverty is still a big problem. An important new feature of the remaining pockets of the poor is their vulnerability. Although out of poverty, significant income risks can push them back. It is thus important to examine the current nature of poverty and policy responses.

Contributions of the World Bank

In these areas, the Bank has made a significant contribution. In the case of the East Asian financial crisis and agricultural growth, the Bank made it loud and clear that institutions and policies matter. From the financial crisis, East Asia learned the lesson that the buildup of financial and corporate infrastructure should go hand in hand with growth.

Differing growth experience in countries of similar physical endowment showed that policies that were supportive of agricultural and rural development provided the best opportunities for agricultural growth and poverty reduction, and policies that tax agriculture led to sluggish growth in agriculture, slow poverty reduction, and slow economic growth.

The Bank ought to be complimented for supporting greater openness in East Asia rather than protectionism in the wake of financial crisis.

In the area of poverty analysis, the Bank has set the standard for combining academic rigor with policy relevance.

The issue of land arrangement is a different story. In the case of China, there is a discord between policy implications from the Bank's research and the actual policy in China as the Chinese government moved toward stabilizing land tenure security. In Vietnam previous policies drastically privatized land but a new land consolidation movement appears to be infringing on farmers' right to their land, and the Bank's research appears to be supportive of such a program.

Awareness of Existing Knowledge and Country Knowledge

Generally speaking, the Bank's research reflected awareness of substantive knowledge from other research available and in progress and sufficient knowledge of subject countries. There are exceptions, though.

Data Collection and Dissemination

The Bank's research that I evaluated seldom involved collecting first-hand data through surveys. The two projects that did conduct surveys (Farmer Field Schools and Agricultural Reform in China) were very small in scale. In general, for Bank-funded surveys in China, the Bank does not have a good record of making surveys available for public use in a timely fashion. An improvement in the data availability would be beneficial to academic and policy communities in China and elsewhere.

How Could Future Bank Research Better Serve Developing Country Objectives?

As the world is deluged with cheap capital, the greatest value of the Bank to developing countries will be its analytical capacity. The Bank can better serve developing country objectives by upgrading its research capacity and helping developing countries to build up their own research capacity. The most serious bottleneck for capacity building in many developing countries is the lack of publicly available data sets. In many Bank projects that I evaluated, the lack of micro data seriously impeded the ability for researchers to answer important questions. For example, the effect of crisis on household welfare, the recovery of incomes and employment from the crisis, the impact of trade and investment liberalization on household welfare, income vulnerability, etc., cannot be analyzed without good quality micro data. Sometimes data arrived too late to enable analysis of issues of great urgency.

Therefore, it is urgent that the Bank devotes significantly more resources to collecting multi-purpose micro data in higher frequencies and making them available as soon as data are collected.

Overall Assessment of Bank Research

The sample of research assigned to me seems to be of exceptionally quality on average.

Indeed all except the three flagship reports were conducted by the Research Department, which has a reputation of being academically rigorous. However, I have seen many more Bank research outputs that are far from evidence-based. It seems that researchers in non-research departments are evaluated quite differently from those in the Research Department. The former have less incentive to conduct rigorous evidence-based analysis using micro data. One possible solution is to impose double-blind peer reviews for research outputs that are published in book forms or internal documents.

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